

# SOCIAL ACTION

*National Metal  
American Vigilant Intelligence  
Railway Audit Trial  
D. M. Herton  
Service  
William J. Burns  
Bergoff  
Lake Erie Chemical  
Detective + Strikebreaking  
American Plan Fair*

12,

## The Labor Spy

by  
Gordon Hopkins

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Ten Cents

# SOCIAL ACTION

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## CONTENTS

How Spies Are Obtained and Trained . . . . .	3
How the Spy Works . . . . .	8
How to Break Strikes . . . . .	15
Vigilantes as Strikebreakers . . . . .	20
Use of Industrial Munitions . . . . .	24
Union-Breaking as a Big Business . . . . .	26
Legislative Remedies . . . . .	30

## Introduction

The Council for Social Action has substituted this pamphlet for the usual mid-month general number of the magazine because the Council feels the timeliness of the subject here set forth. The present determination of labor to organize thoroughly, effectively, immediately has tough roots in grievances of the past. It is particularly desirable that our democratically minded rural population understand these violations of the integrity of the worker. Perhaps also these reports on espionage will help to explain, although not to condone, occasional sabotage on the workers' part.

This study is largely based upon the evidence given before a sub-committee of the Senate Committee on Education and Labor, headed by Senator Robert M. LaFollette, Jr. Other sources of this study were records of the cases of the National Labor Relations Board.

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# THE LABOR SPY

• By GORDON HOPKINS

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## What Is Industrial Espionage?

One of the few really one hundred per cent American institutions is industrial espionage. It is not known to members of the British Trade Union Congress; it does not exist in France, Spain, or any part of western Europe.

Espionage is usually thought of as a tactic of warfare between nations. In this case, espionage appears at the industrial front—where it is used by the employers combatting workers who are attempting to form and join unions.

Highly organized and efficient, industrial espionage is conducted by trained, well-paid armies of spies and under-cover agents supplied by agencies set up for the purpose.

Industrial espionage and all of its practices have been used extensively in industry since the Civil War. The system has risen from humble beginnings and developed along with industry which it serves. Today it is conducted on a vast scale by detective agencies, which are organized like chain stores, on a national basis, with offices in the principal cities, affiliated agencies and subsidiaries, using the most up-to-date scientific methods, employing thousands of men and women, and doing a business of many millions of dollars a year.

## How Spies Are Obtained and Trained

Spies generally fall into two classifications: the "stool pigeon," an employee who is bribed by his boss to report on the activities of his fellow workers, and the detective who is

furnished by such agencies as Burns, Pinkerton's, Railway Audit, Corporations Auxiliary and a host of others. Both detectives and stool pigeons are employed to get all of the information they can on the lives of the workers inside and outside the plant. They do this by making friends with the men, trailing them, joining their unions and fraternal organizations.

With few exceptions, detective agencies handle all of the details of a spy system. (Ford, National Metal Trades Association and a number of other concerns and local manufacturers' associations have their own systems.) These agencies employ the detectives or operators and contact the stool pigeons, get the information and report to the client.

### **Stool Pigeons and Detectives**

Circumstances in a concern usually determine whether a detective or stool pigeon operates. In some instances, when a spy system is inaugurated, the procedure is to give a number of detectives regular jobs in the concern so that they may meet the men on a common footing and easily gain their confidence. When stool pigeons are to operate instead of detectives, the procedure is for the employer to supply the agency with a list of his employees whom he thinks would serve the purpose. These men are then hired to get information. When bosses cannot furnish lists of stool pigeons, the detective himself must locate likely candidates. This is known in the trade as "hooking." An ex-officer of the National Corporations Service, one of the largest detective agencies, has testified that seventy per cent of their 300 operators had been hooked.

Hooking a man for spy work is, as the term implies, securing his services under false pretenses. The average worker, being a decent chap, is not easily lead to spy on his fellow-workers and friends. But the Pinkerton's men—most detectives for that matter—are prepossessing gentlemen, smooth



talkers and skillful in handling men. While keeping his identity secret, the hooker may pose as the investigator for a stockholders' committee, which is studying working conditions in a plant with the end in view of forcing the management to make improvements for the workers. He may claim to be an insurance investigator seeking information on dangerous machinery or fire hazards, or even an agent for the government. Thus is the worker fooled as to the true nature of the work he is about to undertake.

### Qualifications for the Job

Looking for likely stool pigeons, the detective first approaches a union man. He considers a union executive a prize catch because of his access to union membership lists. A Pinkerton's superintendent estimated that twenty-five per cent of his informants belonged to unions.

Another qualification for stool pigeon is best described by C. M. (Red) Kuhl, strikebreaker and hooker with 20 years' experience: "Well, first you look the prospect over and if he is married, that is profitable. If he is financially hard up, that is number two. If his wife wants more money or hasn't got a car, that all counts." Married or single, the bait that always hooks the stool pigeon is the promise of easy money.

When his victim has been properly hooked, the detective puts him on probation. He starts him off getting the most innocent information such as reporting on sanitary conditions, elevator service in the plant, the use of guards around machinery, etc. But gradually, if his man shows promise of being a good spy and fails to realize the true nature of his occupation, the detective builds him up to bigger and better reports.

If the stool pigeon does not belong to a union, he is told to join one, or the fraternal organization to which most of the

men belong, and his dues and other expenses are paid for by the agency. (Often the ridiculous situation arises when appeals are made in a union for strike funds and the stool pigeon must contribute his employer's money to help finance a strike in his own plant.) After the stool pigeon has worked his way into the union, his reports are on the union meetings and he is supposed to get into a position to supply membership lists. By this time he frequently knows what he is doing.

The following excerpts are taken from *How to be a Good Stool Pigeon*, instruction for spies issued by the National Manufacturer's Syndicate, an affiliate of the Sherman Detective Service:

The rules and regulations of our organization exclude even one's close friends and families from any knowledge as to the details of any assignments a representative may receive.

It will be your duty to make up and mail in a detailed report for each day as to when you began work, when you quit, what you did, what you saw, and what you heard in connection with the particular assignment in which you were engaged.

In reference to any work of persons, give that person's name or working hours and state just what work that person does, so as to aid us in identifying him.

You will receive frequent instructions, which you are to mail back to us *together with the envelope in which it was sent as soon as you have read them carefully.*

You are not under any circumstances to use the telephone in connection with this business from the town or city in which you may be employed, unless it has over 50,000 population, otherwise you are to proceed to a nearby city or town of reasonable size, and at least 5 miles from the outskirts of the town in which you are employed. In using the phone, direct your conversation so as to be intelligible only to the person to whom you are talking, omitting names, and using initials and other recognizable terms, so as to prevent anyone else from knowing what your conversation is about.



Should it be necessary for you to phone frequently, you are not to use the same telephone station and at no time talk over an open phone. Never give the name of this organization.

In mailing your daily report to us you are to take care that no one observes you and that the post office clerks do not see the specific letter that you deposit in the mails, which bears the same address each day.

Our system of carrying on our work frequently requires that many representatives are unknown to each other, are engaged in the same factory at the same time. In case you should learn whom they are, you must not indicate that you know whom they are. The best way is to ignore them entirely. Do not violate this rule at any time.

Live strictly in accordance with your apparent earnings in the plant. Do not spend money freely. Such action would attract attention at once and ruin your chance of making your work successful.

When assigned to work in a mill or factory, get a rooming place same as any other worker would do. Do not share it with others. The presence of outsiders would interfere with the writing of your confidential reports and making up of expense accounts.

Should it ever become necessary for you to explain to the police your presence in any town, never under any circumstances admit to a police officer your connection with this organization. If the story you tell them does not satisfy them, ask to see the police chief and to him only communicate your identity by name and number and request him to get in touch with us. When he communicates with us you will be dismissed at once.

In writing your reports, see that you are not observed by fellow workers, the landlady, or others. When leaving the room be sure that you leave no memoranda lying around. Tear them up into minute parts before throwing into the waste basket, or better still, use the toilet hopper, or burn.

Remember—as to why you are in town and what you are doing, tell the same story to all and don't forget what the story was.

When the stool pigeon reports to the agency, he mails his reports to a blind post office box and seldom knows for whom he works. At the hearings of the LaFollette Committee it was pointed out that these reports, if they do not contain information that the union is planning action of some sort, are edited and rewritten to give that impression. And as a sidelight on the character of spies, further testimony revealed that spies are often hired to spy on their fellow spies to see that they do their jobs properly.

Pay of stool pigeons is sometimes by the individual report or at a monthly rate of 25 to 50 or even 75 dollars, which is usually paid in cash so that the identity of the agency will remain secret. Detectives get a straight salary. "Pinkerton's for the first seven months of 1936 spent something like \$240,000 of employers' money for corrupting men to sell out their fellow workers" (See page 506, Part 2, LaFollette Report). And this is only a pittance beside the amount that has been paid for industrial espionage in the last 75 years, during which time it has been widely used.

## How the Spy Works

The spy is hired to prevent the formation of unions and to break unions that may already be organized. How the spy goes about getting his information, corrupting workers, disrupting unions reads like the machinations of the villain of a pulp-paper story.

He is obliged to turn in a daily report in writing signed with his code number—242, LK3, FB8—or what not. He must when possible give the names of the union organizers or leaders and details of union meetings and plans.

Preventing the organization of a union is one of the principal jobs of a well trained Pinkerton's or Railway Audit opera-



tor. It involves securing the names of the union leaders, who are immediately discharged and often blacklisted. With their leaders fired the workers are afraid to join the union.

Spies are frequently hired in a concern where wages are low, to convince the men that their wages are as high as any in the industry. It is hoped that if the dissatisfied men get the 'facts' about wages elsewhere from a fellow worker, they will believe him, be pacified and forget about the union. Such tactics were used by William Schetzline, former operator of Bell Detective Agency, who as a knitter in a Philadelphia hosiery mill earning \$80 a week, was hired by Bell to work in the plant of the Strutwear Hosiery Company of Minneapolis. Schetzline was given \$100 a week and expenses to convince the workers, who were earning \$18 a week, that their wages were as high as any in the eastern mills and that they could not get higher wages even through the union.

### Technique for Union-Breaking

Breaking a union the spy finds to be more difficult. It demands strategy and may take several months or even a year. The spy, for example, may join the union, win the confidence of the men, get to be an officer, then precipitate a strike before the workers are ready for it. The result: the strike is lost, the officers of its union discredited in the eyes of the men, and the union smashed.

In the case which the National Labor Relations Board brought against the Fruehauf Trailer Company—one of the cases which decided the fate of the Wagner Act before the Supreme Court—a detective named Martin was employed by Fruehauf. Martin joined the union and shortly became treasurer. With the membership lists at his disposal, he turned them over to the plant superintendent, who proceeded to warn individual workers against their union activities. In a very

short time he had caused "suspicion, unrest, and confusion among the employees." Regardless of warnings, the men remained in the union. So, to put a stop to all attempts to have a bargaining agency in the plant, the management discharged nine men and threatened three others with discharge.

Still another powerful weapon wielded by the detective agency-employer combination is the company union. As it is a workers' organization dominated by the employer, it puts a stop to real and effective collective bargaining.

According to the most recent figures, the 1935 report of the National Industrial Conference Board, company unions were in operation in "751 or 30.6 per cent of all companies reporting, as contrasted with only 5 per cent in 1927. Trade union agreements were reported by 287 companies, or 11.7 per cent of the total number covered." Since 1935, the C.I.O. and A. F. of L. have, of course, made tremendous gains in membership, which means that many of the company unions have ceased to function, while the number of trade union agreements has greatly increased.

### Use of Company Unions

Formation of company unions is one of the most widely touted services of the larger detective agencies. In many cases of the National Labor Relations Board, it has come out that a detective agency has supplied the idea for a company union and then organized it. Agencies have also set up company unions planned by employers' associations. The Goodrich Company of Akron, Ohio, was one of the best known concerns with a company union planned and organized along these lines. The passage of the Wagner Act put a prohibition on company unions, but companies have already resorted to secrecy in forming their employee's associations.



One of the practices to stimulate business for the agencies during slack periods is to send their operators into a concern without the employer's knowledge. They collect information, color it and approach the employer with concocted tales of sabotage and brewing strikes and so force the employer into hiring them to protect his interests against non-existent evils. Agencies always consider it good business to pack a plant with as many of their operators or stool pigeons as they can, without raising suspicion among the workers.

The principal reason that employers and detective agencies give for their spying on workers is that they are trying to root out the radicals, communists and trouble-makers in the community. This was the excuse offered by a detective before the LaFollette Committee; but when questioned, he could not define communism or name a communist and finally had to admit that he had never even seen one.

The high point in Pinkerton's long spying career was the trailing of Assistant Secretary of Labor, Edward F. McGrady, for a client, when he was trying to settle a Chevrolet strike in 1935.

## Who Uses Spies?

What concerns make it exceedingly profitable for over 200 detective agencies to engage in industrial espionage? The list of firms reads like a Who's Who of American Business. It includes representatives of every industry and business in the country. On the list are 36 employers' associations; 52 metallurgical and machinery companies; 32 mining companies; 28 employers in the automobile industry; 20 steamship lines; and 28 food companies, as well as hundreds of others.

The following are concerns, well established in the public mind, which have used industrial espionage:

Anaconda Mining Company	Montgomery Ward
Armour and Company	National Dairy Products
Baldwin Locomotive Works	New York Central Lines
Bell Telephone Company	New York Edison
Bethlehem Steel Company	New York <i>Herald Tribune</i>
Borden Milk Company	New York, New Haven and Hartford Railroad
Campbell Soup Company	Pennsylvania Railroad
Carnegie-Illinois Steel	Postal Telegraph Company
Chrysler Corporation	Radio Corporation of America
Consolidated Gas Company	Shell Oil Company
Curtis Publishing Company	The Texas Corporation
du Pont de Nemours	Thomas A. Edison, Inc.
El Auto-Light Company	Trucson Steel
Firestone Tire and Rubber	Underwood-Elliott Fisher
H. C. Frick Coal & Coke	United States Steel Corporation
Frigidaire Corporation	Western Union
General Motors Corporation	Westinghouse Electric
Kelvinator Sales Corporation	Woodward Iron and Coal
Mergenthaler Linotype	

These names were taken from a list of clients of the leading detective agencies.

## The National Metal Trades Association

The industrial espionage system of the National Metal Trades Association is similar to most of those used by employer's associations throughout the country. The Association, as stated in its constitution, is composed of "persons, firms or corporations . . . engaged in the metal trades, or in trades employing metal workers."

Founded on a membership of 40 companies in 1899, the Association had grown to 952 members in January, 1937. The main office is in Chicago and there are 25 branch offices located



in the leading industrial cities east of the Mississippi and north of the Mason-Dixon Line. The membership does not extend to the far west or into the south, although subsidiaries of its member companies are located in these sections. So it may be said that the influence of the Association is nation-wide.

*The underlying principle of the National Metal Trades Association is the preservation of the open shop in the metal trades industries.* It was founded to combat the growth of trade unions. Furthermore, the Association has followed the policy of dropping from its membership any company that recognizes a trade union as a bargaining agency. How this principle will be applied since the Supreme Court ruling on the Wagner Act remains to be seen.

The system of industrial espionage conducted by the Association differs only slightly from that of any of the detective agencies previously described. However, its rates for supplying spies to member companies are lower, as the Association is a non-profit organization. It will furnish spies and also train members' employees as stool pigeons. Names of employees discharged for union activities are classed as "undesirables" and circulated among the members. This becomes an effective blacklist throughout the industry.

This organization also offers an additional service, which is unique, called a strike insurance plan. During a strike, the Association furnishes strikebreakers and guards up to 70 per cent of the total number of workers in the struck concern. Police records show, however, that these strikebreakers and guards are the usual thugs who show up at any strikebreaking job. Yet the Association, contrary to the evidence, advertises its operators as being of the highest quality. To finance this insurance plan, which is no more than a strikebreaking fund, the Association has a war-chest of \$200,000.

A voluntary and non-profit organization, the National Metal

Trades Association is tax exempt. This leaves us with the strange picture of 950 of America's leading employers in the metal trades, banded together with special privileges, for the purpose of preventing their employees from exercising their civil rights to form unions and carry on collective bargaining.

## The Blacklist

The final disposition of the man discharged for union activities is the blacklist. A man who is blacklisted is in most instances forever barred from working at his trade in the community—sometimes even in the state, or even in the industry. An actual case described before the LaFollette Committee was that of a blacklisted machinist who had to give up his occupation and sell hosiery from door-to-door. Often the blacklisted man is unable to find other work and he goes on relief.

The steel industry is notorious for the use of the blacklist and it has been widely used in automobiles, mining, rubber and practically all of the other large industries. Letters from Pittsburgh steel companies read before the LaFollette Committee revealed that steel companies circulated throughout the industry the names of hundreds of men whom they had blacklisted for union activities. The practice of the National Metal Trades Association circulating names of discharged employees, as described in the last section, is a typical example of an employers' Association blacklist.

Commissioners for the NRA and Labor Department in 1934 investigating Ford, Chrysler, Dodge, Buick, Briggs, Fisher Body, and Plymouth found evidence of these companies exchanging information on union men. "There is evidence to indicate," writes Levinson in *I Break Strikes, the Technique of Pearl Bergoff*, "that if a foreman says 'do not hire' on the lay-off slip (automobile industry) this snap judgment may be



taken as final for that plant or company and perhaps through checking of reference, final for the industry. If the foreman should write 'agitator' on the lay-off slip, either as such or in code, the effect most certainly would be final, insofar as that worker was concerned."

Slowly, but with deadly effect, the system of industrial espionage seeks out the man who is trying to better his economic conditions and those of his fellow workers, discriminates against him, breaks up his organizations, and finally drives him from the industry, in which he has grown up to be a skilled workman. He must then enter a new occupation which, perhaps, he is too old to learn, or shift to the government relief rolls—partly supported, ironically, by taxes on the employer that fired him.

## How to Break Strikes

Stool pigeons and undercover operators are the real basis for a system of breaking unions. But when a strike develops, the employer begins his second offense campaign; the spy and the stool pigeon give way to the 'fink' and the 'noble', and the 'scab' arrives on the scene. Their role is described in Senator LaFollette's preliminary report to the Senate on industrial espionage as follows:

"When the employer's hostility is forced into the open, the detective agency puts a second service at his disposal. It furnishes guards, ostensibly for plant protection, but actually for breaking strikes or provoking disorder. Strikebreakers are recruited from certain well known hangouts. In New York they may be found at forty-second and Broadway; in Chicago, near Randolph street, in the Loop; in Philadelphia, around the Reading Depot. By some grapevine system of communication, the word of a strike is instantly relayed outward from these centres to those of the strike-breaking profession who do not happen to be on hand.

"A well-defined caste system exists within the ranks of strikebreakers. The foreman is a noble. Privates are known as finks or guards. Finks should not be confused with scabs who attempt to break strikes by taking jobs from the striking workers. Often the employer pretends that the strikebreaker is a bona fide craftsman and is brought in permanently to supplant his striking workers. This is almost invariably fiction, one illustrious instance being that of the hosiery salesman who turned up as an electric lineman. A still further variety of strikebreaker is the missionary who travels from door to door, usually in the role of salesman, and talks derogatorily of the strike to the strikers' families in order to break down their morale."

The real value of strikebreakers is psychological. Although they are seldom employed to take the jobs of the strikers, their presence in the plant gives the appearance of great activity. Commenting on this in *I Break Strikes*, Mr. Levinson says:

"While the process is at work, it is expected that the growth of hunger in the strikers' ranks will convince them that their jobs were not as unattractive as they had seemed. Violence, an almost inevitable concomitant of professional strikebreaking, can meanwhile be expected to spend much of the strikers' energy and incidentally, bring the police or military to the support of the company. Soon the strikers and leaders, it is hoped, begin to feel that the longer they remain out the less chances of a satisfactory settlement become."

For these services a professional strikebreaker is paid from \$2 to \$25 a day and sometimes as high as \$50 plus expenses and bonuses. He sometimes must "kick back" a dollar or so per day to the agency that hired him.

Strikebreakers are transported by train and car, sometimes for long distances, to reach the scene of a strike. The Byrnes Law, which went into effect in June, 1936, made it a felony to transport men across a state line with the intent to employ them to interfere with peaceful picketing. There are indications that this law is being evaded by hiring guards at the



strike scene, although they are recruited in other states and receive expense money for transportation.

### Strikebreakers Drawn Largely From the Underworld

The nature of strikebreaking is such that it attracts characters of the underworld. This is also the reason why many finks and nobles have criminal records. The pay is good and the work easy. The probability of violence is always present to relieve the monotony of the job and to satisfy the more pugnacious finks. And the prospects for loot are good.

Of the 20 most trusted Bergoff nobles "hired to protect private property," all have been convicted, one or more times for crimes including murder, kidnapping, rape, assault, robbery, grand larceny, carrying concealed weapons, disorderly conduct, inciting to riot and unlawful entry. These men have had a grand total of 40 convictions.

Another famous strikebreaker is Samuel Cohen, alias Sam Cohen, alias Sam Goldberg, alias Chowderhead Cohen, alias Charles Harris. His preparatory work in industrial relations included a "term in Atlanta for conspiracy, 4 years in state's prison and 4 years in Sing Sing for burglaries, and detention as a material witness in a notorious murder case."

Chowderhead has been sort of a professional free-lance strikebreaker, as well as working for Railway Audit, Bergoff and a number of other agencies. During the 1936 Building Service strike in New York, he testified before the LaFollette Committee that he recruited strikebreakers and helped organize the strikebreakers employed by the building owners association. Recently, he assisted Bergoff in the Remington Rand strike in Middletown, Connecticut, and was employed during the Borden's milk strike in New York and a strike in a Brooklyn bakery.

During the LaFollette Committee's investigation of Railway Audit, it was revealed that out of 13 strikebreakers furnished

for the General Materials strike in St. Louis in 1932, "7 were wanted by the police of other cities on charges including burglary, forgery, larceny, inciting to riot, and assault." Of the strikebreakers furnished to the Pioneer Paper Stock Company of Philadelphia by Mickey Martel, a notorious gangster, a large proportion turned out to have police records. "One had been found guilty, among other things, of stealing an automobile, robbery by hold-up, receiving stolen goods, assault and battery with intent to kill. Another was arrested in possession of narcotics. A third, arrested for attempted larceny, held at the same time of his arrest a 6-inch iron pipe wrapped in paper for use in breaking open doors of automobiles."

Levinson, in his biography of Bergoff, writes that looting is uppermost in the minds of professional strikebreakers, "although they know that the company which retains them makes every effort to remove, nail down or padlock anything of value that may be moveable. Bergoff's thugs have, he says, stolen everything from plumbing fixtures to \$50,000 worth of furs." During the 1936 New York Building Service strike, Sherwood Detective Agency strikebreakers robbed a man of \$2,287.

## Violence a Product of Strikebreaking

Violence is a powerful weapon in breaking strikes. It serves a double purpose. Both the employer and agency have a "vested interest in it." The employer is anxious that violence be started so that union tactics will be discredited and public sympathy alienated; while the agency's interest is that it will prolong and embitter the strike, so that a stronger guard will be needed.

In strikes where employers try to get anti-picketing injunctions, "violence is provoked to obtain an injunction against the strikers. If blame for violence," says Senator LaFollette, "can be pinned on an individual, he may be prosecuted and

convicted on criminal charges." Such was the case, when in a textile strike in Burlington, North Carolina, in January, 1936, the local union leader and several strikers were sentenced for ten years each, after conviction for dynamiting. The evidence that convicted them was obtained through four police officers from Uniontown, Pennsylvania—former deputies for H. C. Frick Coal and Coke Company—later found by the Labor Board to be undercover agents. Two officers, according to testimony submitted to the LaFollette committee, were "looked upon as dangerous characters and considered as experts with the use of dynamite; one had been arrested for bigamy; another had been indicted for felonious shooting with the intent to kill; a third served a year for assault."

Further testimony given before the LaFollette Committee proved that violence is started by strikebreakers. Cases were read into the record which showed that strikebreakers create trouble in union meetings, or pose as strikers and start slugging on the picket line. Guards and strikebreakers fake injuries they are supposed to have received from strikers. During the course of a peaceful strike in Reading, Pennsylvania, an organizer was attacked when walking to his hotel. He was stabbed three times, beaten up, run over by a car, his ankle was crushed, one vertebra broken, his sacro-iliac dislocated.

It was three years before he finished having hospital treatment. The only police action was an inquiry to find out if the man's parents were not "notorious communists" living in Salem, Massachusetts. Yet the man knew his assailants and where they could be located.

Michael Casey, a strikebreaker in a street car strike in the Public Service Corporation of New Orleans, testified before the LaFollette Committee that "the only violence was blowing up a street car and stuff like that. The first day there were three of them, I think killed—or two." At a strike at the Wisconsin



Light and Power Company in Milwaukee, 700 strikebreakers were imported from Chicago. The company equipped them with pickax handles and connected steam hoses with the boilers so that live steam could be turned on the pickets. It is believed that the lack of violence in the 1936 West Coast Maritime strike was due to the absence of strikebreakers.

Employers seem to be well acquainted with the type of men they employ to break strikes, for, to be relieved of any of the responsibility for violence, they and the detective agencies make certain that all thugs employed for these jobs are first deputized as officers of the law.

Wherever workers have "chanced their all in a strike for more pay and shorter hours of work," professional strikebreakers, says Levinson, have been "clothed with government-endowed prerogatives . . . . For the glory and profits of the Munson Line, Pressed Steel Car Company, Thomas Iron Company, Scranton Coal Company, Delaware and Hudson and Erie Railroad and many others, they have been made qualified guardians of the law." Criminals of every shade and variety—murderers, gunmen, blackmailers, thieves—have "all placed their left hands on their hearts, raised their right hands in oath and been sent forth to uphold law and order."

## Vigilantes as Strikebreakers

On the eve of a big strike in a community, so-called "Law and Order Societies" spring up like weeds. Formed, supposedly, to rid the community of reds and "outside agitators," these vigilante groups, made up of town thugs, members of the American Legion and other veteran organizations, and middle-aged business men still playing at cops and robbers, use nearly every gangster method to intimidate the workers and break the strike.

Herbert Blankenhorn of the National Labor Relations Board

testified before the LaFollette Committee that from investigating strike situations, he has found that the formation of the majority of vigilante groups can usually be traced to the management of the struck concern.

## The Akron Plan

In 1935, spies in the Akron plants of the Goodyear, Goodrich and Firestone Companies learned that a general strike might be called. Two months before the strike, these corporations summoned the great Bergoff. The outcome was a brilliant plan to form a vigilante committee of 5,000 "law-abiding" citizens.

"When the strike broke," says Levinson in his book on Bergoff, "all members were to be sworn in as special deputies, thus sparing the companies much of the expense of paying for strikebreakers; and the deputies could all be local people inspired by patriotic motives rather than imported mercenaries.

"The Bergoff plan went beyond the purely experimental stage. . . . Fully a month was spent in Summit County organizing the Citizens Law and Order Association. . . . The rubber companies raised a fund of \$50,000 with which to inaugurate the Law and Order Association and keep its members in readiness for their first campaign. . . . Bergoff had 50 high-pressure salesmen in the field, for each of whom he was paid \$25 a day. . . . George Williams (a Bergoff lieutenant) created an immediate entente with Sheriff Jim Flower by introducing himself as an influential New York Republican.

"The Bergoff organization had other plans which did not quite jibe with the original prospectus laid before the rubber companies. As the strike danger drew nearer, it became obvious that not enough men had volunteered to accept the discipline of the Law and Order Association. Sheriff Flower was urged to play safe by hiring several hundred deputies who might teach the volunteer forces. It was suggested that Sheriff Flower would receive the usual 'kick back' of a dollar a day for each deputy hired.

*"Bergoff was set for a clean-up. Then came settlement of differences through the efforts of the Federal Government and the American Federation of Labor. Overnight Bergoff's plans and hopes were wrecked. 'George Williams was sick for two days after that,' said Bergoff, in a post mortem on his ill fortune. 'Leo (another lieutenant) and I got drunk as hell when we got the news that the strike was off. Why, we would have made \$250,000 on that job. With a little violence, we could have had a thousand or two thousand guards there. We already had an understanding for 400 men. And we were going to organize law and order societies all over the country. I was planning one for the Colt Manufacturing Company in Hartford, Connecticut. It was going to be a new idea; no more imported strikebreakers, just local people doing the job.'"*

Governor Frank Murphy of Michigan, when reviewing the recent General Motors strike in Flint, before the Consumers League in New York in May, 1937, said the strike situation "was unprecedented with the organization of vigilante groups." Vigilante groups have also played important roles in the West Coast Maritime strikes of recent years, the farm labor strikes in California, transportation strikes in Seattle, the steel strikes in Michigan and Ohio, and share-croppers strikes in the South. But so far no plan to "preserve law and order" has been quite so elaborate as Bergoff's.

### Use of 'Patriotic' Societies

Still another type of vigilante organization, closely associated with spy agencies and employers, is the patriotic organization—composed of professional patriots. The National Labor Relations Board has investigated the part these groups have taken in breaking strikes. The following excerpts from the N.L.R.B.'s published report best describes their function, set up, and financial backing:

Spy and strikebreaking agencies not infrequently assume the masks of patriotism, ultra Americanism, or some form of



public service. They sometimes set up affiliates under patriotic camouflage or sponsor citizen's committees for an alleged public purpose.

The most insidious and reprehensible form of activity in this mixed field is that represented by certain "associations" whose purpose is private gain, and whose methods include making business by spreading scares or actually fomenting disturbances. The most frequent guise for such associations is some form of "Red hunting." The sustenance for such associations is usually from industry and finance, and its "services" may include strikebreaking.

A typical concern of this sort is the American Vigilante Intelligence Federation, with offices in the Chicago Tribune Tower building, Chicago, which is the expression of its "honorary manager," one Harry Augustus Jung. Exposed frequently in the last dozen years by the Chicago Federation of Labor, its record was written into the investigation of the Congressional Committee on Nazi and other propaganda, whose report, issued February 15, 1935, stated concerning allegedly patriotic associations, "many are in reality the breeding places of racial and religious intolerance and their financial statements show them to be petty rackets." The report names American Vigilante Intelligence Federation as one such.

Jung and a colleague, Nelson E. Hewitt, were associated with Mrs. Albert W. Dilling in compiling the *Red Network*.

Jung's outfits issued and fomented public attacks on prominent people such as Miss Jane Addams, Senators Borah and Cutting, Supreme Court Justice Brandeis, and President Roosevelt. He specialized in dissemination of anti-semitic literature, including the notorious "protocols." He issues Hitlerite leaflets. His prominence was such that "At the very moment the Congressional Committee was seeking Jung for questioning in Chicago, he was in Elk Rapids, Michigan, making a speech against the Roosevelt administration on the same platform with the then Republican Governor of Michigan." His weapons included mimeographed confidential bulletins, exhibits, pamphlets, and a periodical entitled 'Vigilante.'"

Following this excerpt is a list of contributions from well known individuals and corporations.

## Use of Industrial Munitions

Tear and sickening gas, rifles and machine and sub-machine guns, clubs and black jacks are the armaments of the employers' private armies of guards and strikebreakers. The largest established dealers in armaments, makers of gas and gas equipment, are Federal Laboratories, Inc. and Lake Erie Chemical Co. A smaller concern, the Manville Manufacturing Company, only recently entered the field, but it is expanding rapidly. From 1933 to 1935 the volume of gas sold to industry was over \$450,000, which is exclusive of gas sold to the military and police.

"The size of private stocks of munitions," reports Senator LaFollette, "is no indication of their effectiveness in the intimidation of striking workers, since only one side is armed. Workers do not buy either armaments or gas; the record to date shows but one union purchase of \$51 worth of gas." In fact, gas salesmen in their testimony before the LaFollette Committee emphasized the point that they sold gas only to "responsible and law abiding citizens." When asked to be explicit about the responsibility of a buyer, salesmen explained that a buyer must be in some sort of a legitimate business.

Workers seldom know of munitions' purchases, until the munitions are used upon them. Testimony before the LaFollette Committee revealed that shipments are concealed, delivered at home addresses, railroad offices, or even to police stations in packages "fraudulently marked hardware or some other merchandise." Bills are submitted so that they will escape the attention of employees, or are billed indirectly to the concern through a third person. Sometimes even the name of the buyer is withheld from armaments salesmen.

Like detective agencies, munitions firms exploit labor strife

for profit. They canvass for business like any organization trying to sell its product. A Lake Erie salesman in 1936 reported to the home office after calling upon U. S. Steel: *"I am doing a lot of missionary work in anticipation of a strike this spring and I am in a position to send some good orders if it will only mature. Wish a hell of a strike would get under way. Faithfully yours . . ."*

Munitions firms openly boast that the use of their shells has broken strikes. The Lake Erie Chemical Company advertises such devices for breaking up picket lines as "gas fountain pens" (an instrument shaped like a fountain pen, carried in the pocket and dispensing gas); "baby giant gas projectors"; "baby giant shells" (used in the projectors); "tear gas"; "nauseating gas" (which causes vomiting for a period of a day or longer, depending upon the amount inhaled); "long range field guns" (for shooting gas projectiles from a distance) and "long range shells."

One of their most highly advertised products is an invisible gas, "making it more effective and terrifying." (The ordinary gas forms a visible cloud.) Exploding violently, the iron and steel container tears into scraps and ribbons, which are thrown with considerable force in all directions and will cause severe injury within a radius of fifteen feet.

After a strike where these gas shells were used, Herbert Blankenhorn of the National Labor Relations Board, visited in the hospital one of the "subdued" strikers: "All that could be seen of his face . . . was one eye glaring at me and something like a mouth—when he tried to call for water, more blood and sputum came out than anything else. Other men (in the hospital) were not pretty pictures."

Lake Erie also warns purchasers of their "Tru-Flite" shell "that serious injury or death may be caused should the projec-



tile strike any person while in flight. This shell is not suitable for use against mobs if serious injury is to be avoided." But their west coast salesman, who, by the way, was also a San Francisco deputy sheriff, used a good many "Tru-Flite" shells trying to disperse picket lines in the 1934 West Coast Maritime strike.

## Union-Breaking as a Big Business

The evidence, gathered by the LaFollette Committee and by other commissions which have investigated espionage and strikebreaking agencies, shows that these agencies have all of the characteristics of big business, although there is not sufficient evidence to determine the exact extent to which they are organized or to reveal their total financial resources. The secrecy surrounding the concerns engaged in union-breaking makes only estimates possible.

When the LaFollette Committee was formed in April, 1936 and started securing evidence, it met with all sorts of obstructionist tactics on the part of the detective agencies and the concerns employing them. Records and files that had been subpoenaed were destroyed; the waste paper had to be confiscated and from the scraps of correspondence and records, the evidence was slowly pieced together. It was also found that records were in code, operators had many aliases, reports were sent to blind addresses.

Pinkerton's even changed its mode of doing business to evade registering its operators under the Social Security Act. National Corporations Auxiliary, when billing Chrysler Corporation, its biggest customer, broke down the bills and submitted them on fake letterheads so that Chrysler could evade filing returns with the Securities and Exchange Commission. General Motors stripped its labor files when they were subpoenaed by the Committee.

The set up of detective agencies and munitions firms—like most big business—is highly complicated. The larger agencies have many subsidiaries, operating throughout the country, and dealing in both spies and strikebreakers. The relationships of these agencies and munitions concerns are also very close. In Atlanta, Georgia, the local manager for Railway Audit and Inspection Company was also district salesman for Federal Laboratories. In New Orleans and other cities these two firms conducted their business from the same office. Detectives throughout the country receive commissions from the sale of gas and arms. E. E. MacGuffin, head of the National Corporation Service, was also a commission salesman for Lake Erie Chemical Company.

Another link in the combination of detective agencies and munitions firms is municipal police departments. When it comes to obtaining armaments and running strikebreakers through picket lines, testimony before the LaFollette Committee indicated that police departments in many communities are subservient to industry. Usually, in communities dominated by a large industry, the company holds the balance of power. And not only the police, but the whole community, are subservient to the industrial interests. The "cooperation" between police and employers seems based on the assumption that a legitimate function of local police is to aid existing industries against the workers. In such places as Harlan County, Kentucky, controlled by the coal companies, and some steel towns of Pennsylvania, Ohio, Indiana and Michigan, and in other manufacturing centers, some of the local police are paid directly by the companies; and in these communities some of the worst acts of terrorism have been inflicted upon the workers.

In their efforts to get business, detective agencies and munitions firms also strive to give police departments the impression that their salesmen and strikebreakers are allied with "govern-

mental police machinery." Munitions firms find it very profitable to have their representatives deputized in the police forces. The Lake Erie Chemical Company hired as its representative in Akron, Ohio, Colonel J. J. Johnson of whom the general manager wrote to a salesman: "We have moved \$3,000 or \$4,000 worth of stuff down to the sheriff's office in care of Colonel Johnson who has been appointed chief assistant to the sheriff without pay, and it does seem that if there is any business to be gotten we will get it."

## Profits from Union-Breaking

Detective agency officials have estimated, although this has never been verified, that at one time Burns, Pinkerton's and Thiel Syndicates have listed 135,000 men and their combined payrolls and operated "over 100 offices and 10,000 local branches, with 75 per cent of their operators" working as spies in labor organizations, "earning them a combined annual income of \$65,000,000.

The largest army of professional strikebreakers ever marshalled was 115,000 men organized by the railroads in 1916 when the Brotherhoods threatened to strike. (At that time there were only 107,000 men in the regular U. S. Army.) According to the New York *Herald Tribune*, Bergoff used 2,000 strikebreakers in the 1936 New York Building Service strike; the employers' association hired 1,500 more men; and 8,000 men were registered by the American Confidential Bureau, although only 2,000 of these were sent to work.

The net profit on each job, a detective agency figures, averages 50 per cent.

For running its spy system in 1935, General Motors paid Pinkerton's \$167,000 and from January, 1934 to July, 1936 it



totalled \$419,850. At the same time General Motors employed Corporations Auxiliary as a sort of second line of defense against unionism in its plants and paid them \$26,557. Corporations Auxiliary considered that General Motors was its second largest client—Chrysler was first, paying \$275,230 from 1933 to 1936.

### **Net Earnings of National Corporations Auxiliary Increase**

The most complete income figures available are those of National Corporations Auxiliary, which is one of the largest agencies, serving 500 clients in "eighteen groups of industries located in nineteen states" and employing 200 spies. This agency earned a net income of \$1,750,019 from January, 1933 to November, 1936. Broken down into years this amounted to approximately \$284,847 in 1933; \$489,131 in 1934; \$518,215 in 1935; and \$457,825 for the first ten months of 1936. It is interesting to observe that business for 1934 doubled that of 1933, yet other types of business had only just started the first lap on the long pull out of the depression, while 1936 proved to be a banner year. National Corporations Auxiliary pays its president \$75,000 a year and its general manager \$62,300 a year. Branch Managers receive from \$6,000 to \$16,000 a year.

Mr. Robert A. Pinkerton, young president of Pinkerton's Detective Agency, is said to own 70 per cent of the stock in his concern and received dividends in 1935 totalling \$129,500.

The John F. Sherman Detective Agency of New York earned enough during one of the depression years to warrant its paying a Federal income tax of \$258,000.

Another clue to the size of this business of breaking unions is to be found in the costs of breaking strikes. Rewards to detective agencies for breaking a few of the more recent strikes are as follows:

<i>Year</i>	<i>Strike</i>	<i>Amount</i>	<i>Agency</i>
1929	Texaco & Standard Oil Companies	\$370,000	Bergoff Agency
1934	Milwaukee Elec. R.R. & Light ...	39,000	" "
1934	San Francisco Strike .....	30,000	Federal Lab.
1934	Auto-lite Company .....	10,000	" "
1934	Steel Companies .....	334,000	" "
1934	Youngstown Steel Company .....	250,000	" "
1935	Boston Teamsters Strike .....	400,000	Waddell, Mahon
1935	Milwaukee Elec. R.R. & Light ...	49,700	Bergoff Agency
1936	N. Y. Building Service Strike .....	83,000	{ American Confidential Bureau

"It will take a combination of highest governmental authority as to investigating power, plus first class burglary, ever to make completely public what profits the undercover agencies derive from industry and whom they hire and who hire them," concludes the National Labor Relations Board Report to the LaFollette Committee. The available evidence, however, does reveal a vast industry that has been developed in this country for the purpose of trying to prevent workmen from exercising their right to better their economic welfare through organization.

## Legislative Remedies

In the future, however, espionage will be more subtly conducted. An industry whose annual income is estimated at approximately \$150,000,000 a year, cannot be easily liquidated. Bergoff and a few of the other old timers are slowly fading into the background of the industrial scene. But the newer agencies, such as Railway Audit and Corporations Auxiliary, may simply reorganize their way of doing business and go underground. Already National Corporations Auxiliary, to evade the Wisconsin law prohibiting the use of spies and imported strikebreakers, has perfected a system of correspondence courses in spying for concerns which wish to train stool pigeons from



among their own employees. Other agencies may be expected to follow suit.

The Byrnes Law was enacted by Congress to prohibit the transportation of strikebreakers across state lines, but the agencies are evading this law as it has been noted in a previous section. Twenty-six states have made circulation of the blacklist illegal; 22 have not. Six states prohibit the importation of guards for strike duty without the permission of the governor. Massachusetts' law states that guards must be citizens of the state and prohibits the employment of anyone convicted of a felony. At present there is no Federal regulation or even inspection of agencies engaged in union breaking.

Individuals and a few labor unions have not been able to combat the system. Past efforts to rid the country of spies and strikebreakers have failed. The demands for Federal legislation have been many. The most outstanding are those of the United States Commission on Industrial Relations in 1915 to have Federal investigation and prohibition of these agencies; the investigation of the Interchurch Commission in 1920; Senator Wheeler of Montana, "following personal experience of the length to which an agency will go," introduced resolutions into the Senate banning espionage in 1923 and again in 1930; the American Federation of Labor Convention in 1935 renewed demands which it had been making for 20 years; the National Labor Relations Board in 1936, "on the basis of its attempts to apply law, finds conditions unchanged," adds its demands to the others.

Public opinion, with the help of stronger labor organizations, can demand and force the enactment of Federal legislation that will free the country of spies and stool pigeons in industry. But this can be accomplished only with effort and organization, because the campaign will be bucking one of the strongest line-ups within our industrial system.



## Readings on Industrial Espionage

*Violations of Free Speech and Rights of Labor: Hearings* before Sub-committee on Senate Resolution 266, Senator Robert M. LaFollette, Chairman, Robert Wohlforth, Secretary. The record itself: Responsible officers and employees of Pinkertons, Railway Audit Co., Corporations Auxiliary, Federal Laboratories, RCA Manufacturing Co., Goodyear Tire & Rubber Co., Chrysler's, Tennessee Iron and Railroad Company, and many others file before the Committee and give their testimony. Eight volumes have been published to date. They may be obtained at an approximate cost of 35c. each from the Superintendent of Documents, Washington, D. C. Or write your Senator and ask him to obtain a set for your Public Library from Senator LaFollette's Committee which has a limited quantity for free distribution.

*I Break Strikes*, by Edward Levinson. McBride, 1935, 314 pp., \$2.50, Subtitle: The Technique of Pearl L. Bergoff. Pearl Louis Bergoff was the head of a pseudo detective agency specializing in the settling of industrial troubles.

*The Labor Spy*, by Sidney Howard. New Republic, 1924, \$1.00. Amply corroborated twelve years later by the LaFollette testimony.

*Disarm the Corporations*, by New America. 1937, 16 pp., 5c. Brief pamphlet based on the Hearings of the LaFollette Committee. Write New America Publication, 4416 Berkely Avenue, Chicago.